

CITY OF MOUNTAIN VIEW



ECONOMIC DEVELOPMENT HIGHLIGHTS
April 2002

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*Copies of this report and other information can be found
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or
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(650) 903-6306*

INTRODUCTION

The City of Mountain View understands the need for a vibrant local economy and continues to keep Economic Development a high priority. Because of our progressive and pro-active programs, Mountain View is able to adjust to the ever changing business climate and be well positioned for success into the 21st century. The creation of transit oriented development policies and a streamlined permit review process are examples of how Mountain View creates a business friendly environment.

ACHIEVEMENTS AND HIGHLIGHTS

- In 2001 Paypal signed a lease to occupy a newly developed 30,000 square foot office/retail building at 303 Bryant Street in downtown Mountain View. Paypal is a fast growing internet-based bill payment company that recently held an Initial Public Offering (I.P.O.) that was highly anticipated by Wall Street analysts.
- Aviron, a Mountain View pharmaceutical company, was acquired by MedImmune in 2001 for \$1.5 billion. Aviron will soon have FluMist influenza treatment spray available to the public. This product is a new and revolutionary method of treating the flu.
- Alza Corporation, a research-based pharmaceutical company, merged with industry leader Johnson and Johnson in a transaction valued at \$10.5 billion. It is the third largest biotech company in Silicon Valley. *(Source, San Jose Business Journal)*
- Mountain View companies continue to receive a substantial investment of venture capital funding. For fourth quarter 2001, Mountain View companies received \$161.2 million in venture capital funding.
- Mountain View has created a Transit Overlay Zone which allows a larger amount of floor area on properties within walking distance of a transit station. Veritas, Verisign and AOL/Netscape have all made use of the "T" zone to build or expand their facilities, thereby remaining in Mountain View. They all report that locating near transit has offered another amenity that they can use to attract and retain employees. Mountain View was recognized by the American Planning Association for its promotion of transit oriented development, granting the City their 2002 Outstanding Planning Award for Implementation.
- At 400 Castro Street in downtown Mountain View, a new office and retail development will be completed in the summer of 2002. Fenwick & West, a prominent law firm, will move into the building and will bring an additional 200-300 daytime employees to the downtown. Fenwick & West was recently named by Fortune Magazine as one of the top 100 companies to work for in the United States.

- In 2002 the City will receive proposals for the development of a 15.5 acre site located at the corner of Charleston Road and Shoreline Boulevard. Four exceptional developers were invited to submit a proposal in April, 2002: Hyatt Development Corporation (Hyatt Hotels); Landmark Organization (Conrad Hilton); Lowe Hospitality Group (Destination Hotels and Resorts); and David Taylor, Inc. (Starwood Hotels).
- The proposed NASA/AMES Research Park continues to move forward with the possible development of 500 acres of R&D research facilities and housing on the Moffett Field site. An Environmental Impact Statement (E.I.S.) was recently completed on the proposed development. It can be viewed at <http://researchpark.arc.nasa.gov>
- In 2001, the City Council approved a Retail Recruitment Strategy which is being implemented today. The objective is to recruit high quality diversified retail tenants to the existing and newly developed downtown retail space.
- The biotech industry continues to grow in Mountain View. The City has 37 biotech companies including Aerogen Inc. and Perlegens Sciences that recently moved their headquarters to Mountain View.

VENTURE CAPITAL FUNDING IN SILICON VALLEY

Continued venture capital investment in growing Mountain View companies across industries such as software, semiconductor, and biotechnology indicates that, despite the recent economic downturn, the strength of our local and regional economy is still good. During the fourth quarter of 2001, 18 Mountain View companies received venture capital funding totaling \$161.2 million, which represents 2.3% of the total nations venture capital funding and 6.5% of Silicon Valley's total venture capital funding for that quarter. Some significant venture capital funding was received by these Mountain View companies for the fourth quarter of 2001:

• Placeware, Inc.	\$30	Million
• NetLogic Microsystems	\$20	Million
• Sonics, Inc.	\$20	Million
• Woodside Networks	\$19.7	Million
• Valdero	\$15.5	Million
• Kasenna, Inc.	\$10	Million

BUSINESS FOCUS

Mountain View enjoys a strong and diversified local economy with business success stories across various industry segments. Mountain View boasts a healthy mixture of businesses from the retail, R&D, office, professional service, and electronics industries, all of which provide a healthy sales tax revenue base. The following is a list of the top 100 sales tax generators for the fourth quarter, 2001.

TOP 100 SALES TAX GENERATORS

Accent Semiconductor	Handspring	OfficeMax
Acuson	Hewlett Packard	Orchard Supply Hardware
Agilent Technologies	Highsoft	Peninsula Digital Imaging
Air Products & Chemicals	Ikon Office Solutions	Pet Club
Albertsons	ILOG	Pinnacle Systems
Allison Bavarian	Image Architects	Rite Aid
Alza	Impac Medical Systems	Ross
Americana Shell	In 2 Change	Rotten Robbie
Amicis Pizzeria	In N Out Burgers	Safeway
Amphitheater Concessionaire	Insulectro	San Antonio Gas & Service
Ananda Bookbuyers	Intuitive Surgical	Seagate Software
Apex Communications	Kelly Moore Paint	Sears
Barooni Imports	Kinkos	S&I Cafeteria
Beverages & More	Kragen Auto Parts	Shell
Bruce Bauer Lumber	Legato Network Serv.	Silicon Graphics
California BMW	Lightwaves Electronics	Sleep Train Mattress
Caliper Technologies	Longs Drugs	Smart and Final
Carriage House	Magnussens Car West	Spectra Physics
Chilis	Mancinis Sleepworld	Sun Microsystems
Circuit City	Marshalls	Sun Microsystems Federal
Clontech Laboratories	McDonalds	Synopsis
Cost Plus	Mervyns	Target
Costco	Mi Pueblo Mercado	TCI Materials
Dialog Corp.	Micro Focus	Tidal Software
Discount Tire	Mintons Lumber	Tower Books Records
Ditech	Moffett Blvd. Exxon	Valley Oil
Eakins Open Systems	Mountain View Exxon	Verisign
Event Merchandising	Mountain View Shell	Viador
Fiesta Del Mar	Mt. View 76	Walgreens
Frankie, Johnny and Luigi Too	Mt. View Garden Center	Walmart
Google	Nokia (two locations)	Western Appliance
Grant and El Camino Chevron	Office Depot	Western Technology Marketing
Guzik Technical Enterprises		Wolf Camera and Video
H and M Service Station		

SMALL BUSINESS FOCUS

The City of Mountain View knows how important small businesses are to the community. That's why City Hall has committed itself to quick, responsive service. This has been accomplished through the creation of a one-stop **Development Services Center**. The city has developed e-permits, an internet-based permitting system to further enhance the quality and responsiveness of our services to assist our small business community.

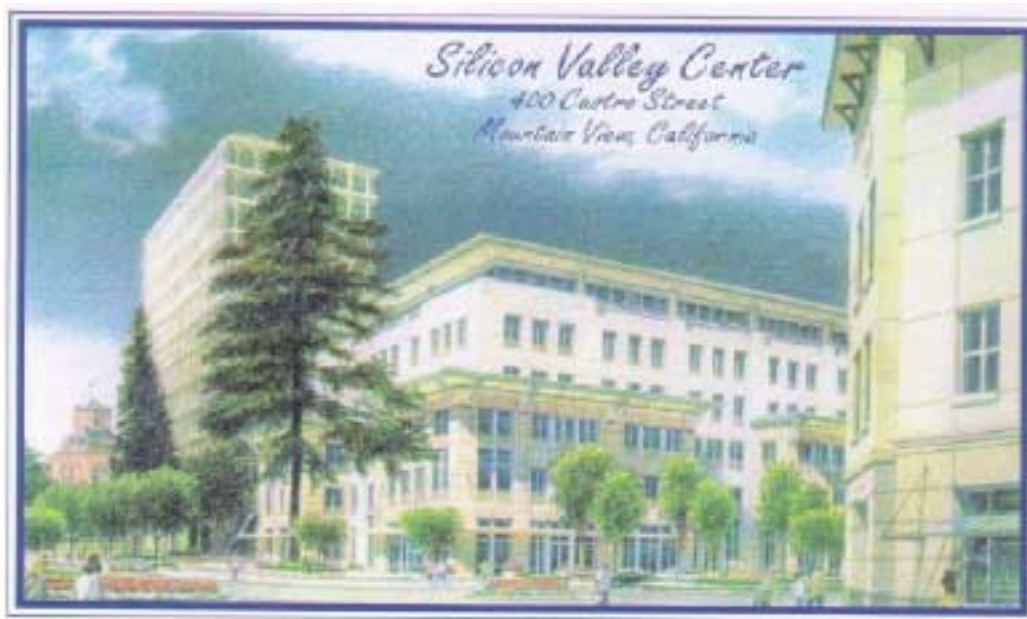
In 2001 the City of Mountain View began working with Nova Workforce Board, a public/private consortium in the Silicon Valley, on their Techforce initiative. The California Employment Training Panel (part of the California Employment Development Department) provides funds to Nova for workforce training and welfare-to-work programs. Techforce helps small businesses provide valuable hi-tech training for their employees in areas such as Unix system administration, software engineering, and network management. The City of Mountain View will continue to work with the Mountain View Chamber of Commerce toward getting small businesses involved in Techforce's valuable hi-tech training program.

Small Business Development Center - San Jose (408) 977-0455

Bay Area Small Business Financial Development Corp. - (415) 7789-6110

California Industrial Development Financing Advisory Commission - (916) 653-3843

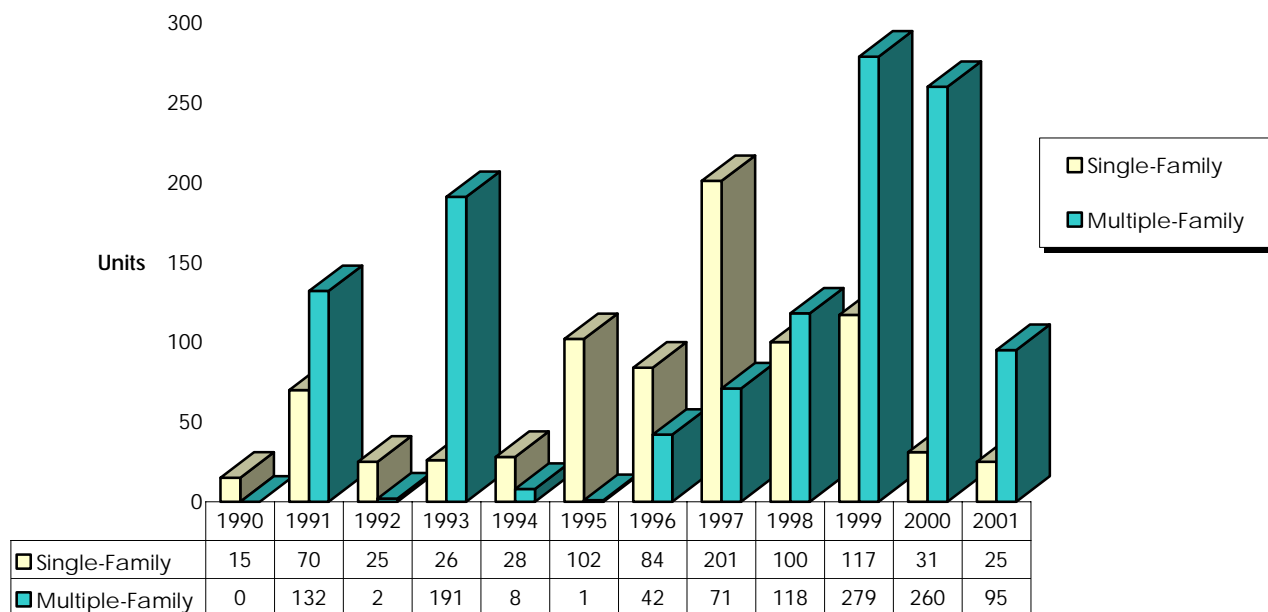
Small Business Administration - San Francisco (415) 744-6820



HOUSING

The City of Mountain View understands how important affordable housing and the jobs/housing balance are to Mountain View companies and residents. The vacancy rate for rental units for the fourth quarter 2001 increased 6% from the fourth quarter 2000. This in turn has sparked the decline in rental rates for the same period. The median home sales price declined 26% from the January, 2001 price of \$778,000 to the December, 2001 price of \$572,500.

**New Housing Units Completed
City of Mountain View, 1990-2001**



Housing Costs

Median Home Sales Price** \$572,500
Median Monthly Rental Price* \$1,863

Housing Types

Single Family Detached 9,127
Single Family Attached 4,048
Multi-Family (Apts, Cond., Townh.) 18,623
Mobile Homes 1,189
Total Housing Units City-Wide 32,987

Housing Occupancy

Person Per Household 2.25
Vacancy Rate (Apts.)* 8%

*Tri County Apartment Association, fourth quarter 2001. Data reflects rental rate for a 2 bedroom/2 bathroom apartment survey of complexes with 50 or more units within the City of Mountain View.

**Silicon Valley Association of Realtors. Data reflects median home sales price for 26 single-family (not condominium) home sales for December, 2001.

HOUSING DEVELOPMENT ACTIVITY

Mountain View continues to be a place where new and redeveloped residential projects move forward. Currently there are 570 residential units city-wide that are either under construction, approved, or in review. The highlight of the 2001 residential development market was the completion of 44 condominium units (Bryant Place) on Bryant Street at West Evelyn Avenue near the downtown transit center, and the nearly complete Avalon Bay 211-unit apartment development (Skyview) on El Camino Real. A healthy concentration of units that has been, or will be, built around transit centers is a reflection of the commitment Mountain View has to facilitating residential and commercial development near the transit corridor. In addition, the City previously created a Below Market Rate (BMR) ordinance to assist with the creation of affordable units. In 2002 a newly adopted Housing Impact Fee was instituted for certain types of commercial development projects. The Housing Impact Fee will be used for the creation of new affordable housing units in Mountain View.

RESIDENTIAL UNITS UNDER CONSTRUCTION-NEW AND REDEVELOPED

2400 El Camino Real	211 Apartment units	Avalon Bay, estimated completion spring 2002
933 Villa Street	20 Apts/townhouse units	Downtown residential development
364 Bryant Street	20 Condominium units	Downtown residential development
77 Ortega Avenue	60 Apartment units	
399 El Camino Real	21 Apartment units	Mixed-use residential/retail
939 Dana Street	8 Townhouse units	Downtown residential development
166 Centre Street	5 Single family homes	

Data does not reflect multi-family or single family projects of less than 5 units.

RESIDENTIAL UNITS APPROVED OR UNDER REVIEW

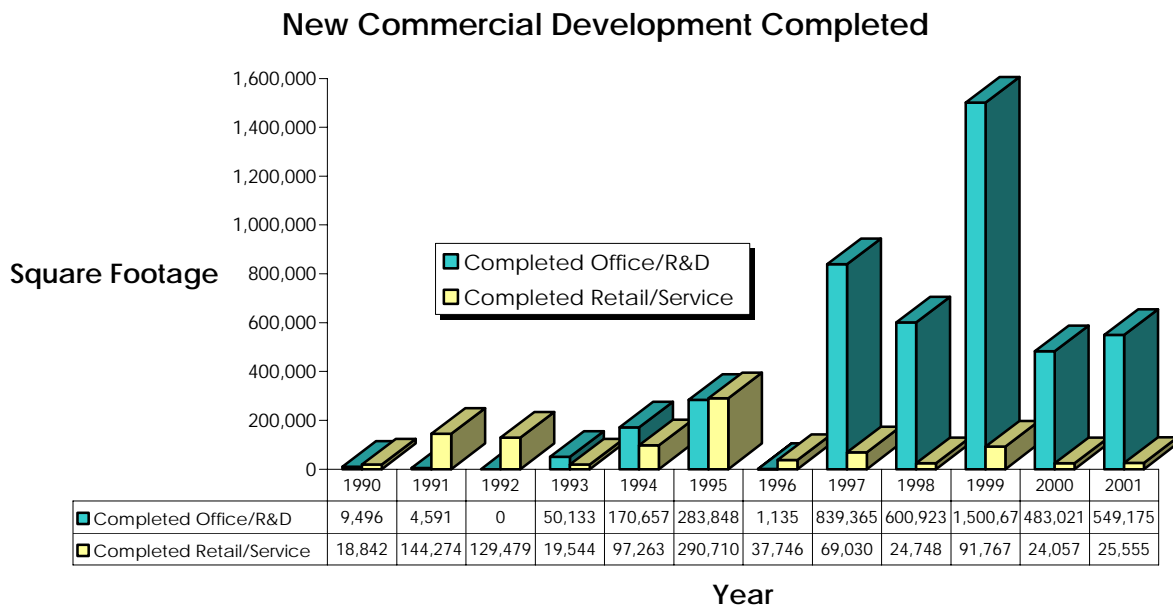
San Antonio Loop	120 Efficiency studios	Affordable units-joint MV/non-profit project
231 Hope Street	8 Condo/townhouse units	Downtown residential development
200 Evandale Ave.	7 Condo/townhouse units	
1595 Grant Road	6 Condo/townhouse units	
1143 Boranda	6 Condo/townhouse units	
465 Sierra Vista	15 Apartment units	
1696 Villa Street	54 Condominium units	Ryland Homes / downtown residential devel.

Data does not reflect multi-family or single family projects of less than 5 units.

COMMERCIAL DEVELOPMENT ACTIVITY

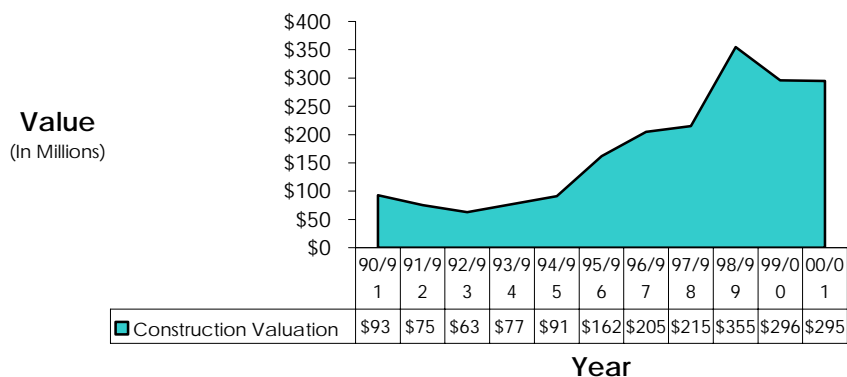
Mountain View continues to be a location the development community is willing to invest in with both new and redevelopment projects. Although office, R&D and retail vacancy rates did increase in 2001, the square foot lease rates associated with those vacancies continue to decrease and, as a result, are creating opportunities that did not exist at the height of the market in past years. High quality office space lease rates in the Shoreline area are now an attractive \$2.00 to \$2.50 per square foot. The vacancies that exist in the Shoreline/NorthBayshore, Ellis/Middlefield, and downtown areas now allow for larger companies to relocate to Mountain View. Contact the Economic Development Division at (650) 903-6306 for more information.

Commercial Development



Construction valuation, at \$295 million, was still well above the 10-year average.

Construction Valuation



COMMERCIAL DEVELOPMENT ACTIVITY

Mountain View companies continue to invest significantly in the expansion and redevelopment of commercial property. More than 1.3 million square feet of new and redeveloped commercial property is either under construction, approved, or is being reviewed. In 2001, more than 500,000 square feet of commercial development was completed, with Veritas accounting for more than 420,000 square feet of the total new development.

COMMERCIAL DEVELOPMENT UNDER CONSTRUCTION-NEW AND REDEVELOPED

400 Castro Street	150,000 s.f. office/retail	Future home of Fenwick & West Law Firm
401 Castro Street	30,500 s.f. office/retail	Structural steel completed
303 Bryant Street	56,000 s.f. office/retail	Completed April, 2002. New home of Paypal
278 Castro Street	12,000 s.f. office/retail	Meyer Appliance remodel
349 El Camino Real	27,000 s.f. office/retail	Prometheus Development
2656 El Camino Real	17,700 s.f. office	

Data reflects only projects over 10,000 square feet.

COMMERCIAL DEVELOPMENT APPROVED-NEW AND REDEVELOPED

1925 Amphitheater	245,000 s.f. office	Alza Corporation
1380 Pear Avenue	21,800 s.f. office	
2362 Old Middlefield	21,400 s.f. office	
465 Whisman Ave.	236,500 s.f. office	Lovewell Property - transit oriented development
575 Middlefield Road	103,800 s.f. office	Verisign - transit oriented development
500 Ferguson	227,800 s.f. office	Kalcic
871 W. Evelyn Ave.	10,000 s.f. office/retail	George Dai Property
111 El Camino Real	40,400 s.f. office	Diamond Properties

Data reflects only projects over 10,000 square feet.

TRANSPORTATION

Mountain View's business areas, downtown, and neighborhoods are easily accessible from the various public transit systems operating daily. Caltrain, VTA Light Rail, and VTA buses help get pedestrians to their work, home, and shopping destinations. Mountain View businesses have teamed with Caltrain to provide free shuttles for many employees working in the Shoreline/North Bayshore area. Also, \$131 million of Santa Clara County Measure B funds will be used to make significant improvements to the Highway 85/101 interchange and the Shoreline and Moffett Boulevard exits from Highway 101. Construction will begin in September, 2002 and is estimated to be completed by the Fall of 2005. Some significant transportation highlights include:



- Mountain View has developed a successful multi-modal transit center where employees have access to Caltrain, VTA Lightrail, and VTA buses that get employees and residents anywhere from San Francisco to San Jose.
- 3,000 passengers per weekday board Caltrain at two different Mountain View stations: San Antonio and Mountain View.
- VTA Lightrail has four stations in Mountain View: Downtown, Evelyn, Middlefield and Whisman.

- Mountain View's new Centennial Plaza at the transit center will be completed in November, 2002.
- Mountain View created the Transit Overlay Zone which allowed businesses greater building density in exchange for transit oriented developments. Veritas' new headquarters is an example.



DOWNTOWN INITIATIVES

Since the inception of the Downtown Committee in the Fall of 1998, much attention has been placed on the continued revitalization of the downtown. In 2001 the Downtown Committee and the City Council approved a Retail Recruitment Strategy aimed at attracting high quality and diverse retailers to the downtown. Beginning in 2001, staff embarked on several initiatives that, combined with existing programs, will enhance Mountain View's potential to attract successful retailers to the downtown.

New Downtown Initiatives

- **Retail Recruitment Strategy** – One of the cornerstones of the retail recruitment strategy is the attraction of a grocery and pharmacy to serve downtown residents, employees and customers visiting the downtown.
- **Land Use** - The Economic Development program will continue to work toward the development of land use policies that facilitate the revitalization of the downtown. The Downtown Committee, in conjunction with the Environmental Planning Commission, began work in March, 2002 on the second phase of an amendment to the Downtown Precise Plan. The second phase will update design guidelines, development intensity, and types of use in the commercial core of downtown on Castro Street from Evelyn Avenue to El Camino Real.

Ongoing Downtown Programs

- **Facade Grant Program** - The Facade Grant Program is designed to attract private investment in downtown storefronts in the Revitalization District. The program is a 3 to 1 matching grant up to a maximum of \$7,000. In 2001 the Revitalization Authority expended \$14,000 of Facade Grant Funds for storefront improvements for Vaso Azzuro (108 Castro Street) and Global Beads (345 Castro Street).
- **Parking** – In 2002 the City Council will be considering a second downtown parking structure that will add over 400 public parking spaces to the downtown.